P 52 F

App. F. IX-4

1931-2 (Jeli)

File No. 29-31

Serial Nos. 1, 6, 11, 12

Previous References

J + C 82-29 (1-15, 17, 19)

Jeli 31-30 (1-2)

J + C 82-29-34

Later References

Jeli 45-29 (1-8, 11, 12)

J + C 187-30 (1, 2, 2a, 4-8)

Jeli 12-32 (1, 6, 13, 14a, 16, 20, 21)

General and Revenue Secretariat.

Serial Nos. four

Part B for January

SUBJECT.

Additional grant for capital expenditure required for the replacement silk filature and the new silk weaving plant in Mysore

J 3443-4 GA-1-32

To

Dis J + C. ii compln Nos find sheet.

Sanction the grant of an —

18

General and Revenue Secretariat — Seri File No. 29 of 1931.

Serial No.	
1	Letter no. D_2-1199-28 dated 4th Sept. 1931 from the Dir. Ste. regarding sanction to an addl. grant of Rs. 1,27,350/- for expenditure in connection with the working of the Enlarged Filature and the new dyeing and finishing plant.
Seri. 31-30-2 W	In addition to the provision of Rs. 18,7 made last year under Minor capital expenditure of the Filature, a sum of Rs. 14.00 was sanctioned last year for the Filature raising the total grant to Rs. 32,750/-. The Dir. states that a sum of Rs. 750/- lapsed and has submitted his requirements for the current year amounting to Rs. 29,650/- against a budget provision of Rs. 11,000/-. An additional grant of Rs. 18,650/- is required under the Filature.
	A sum of Rs. 1,20,000/- was provided last year for the weaving factory - out of this Rs. 35,000 were advanced to the manufacturers of the weaving plant and a sum of Rs. 85,000/- is reported to have lapsed at the close of last year. There is a provision of Rs. 56,100/- only in the current year's budget under 39 Industrial works - 3 Weaving factory, and an addl. grant of Rs. 108,700/- is required under this head.
	The Ste. Secy has to be consulted regarding the total grant of Rs. 1,27,350/-. The machinery connected with the Weaving Plant has already arrived and one of the Experts has also joined duty. The other experts will be engaged in Nov. 1931.

NOTE—Contn. Sheet.

WD 02553—G PB—50,000—8-7-30

2/

(17)

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4 In addition to the construction of buildings and purchase of plant & parts already sanctioned by Govt, the Director has asked for sanction to certain additional buildings and machinery which he considers very essential. These are required both for the Cocoon Filature & the new Silk Weaving Factory nearing completion. The total cost is estimated at Rs 30,300. on these new items. This has perhaps to be sanctioned as the buildings & new machinery seem to be very necessary.

5 If this above is sanctioned, the additional grant required for the current year to complete the work, over & above the provision made in the budget for the Filature & Silk Weaving Factory will be as follows:-

For the Filature Rs 18,650
For the Weaving Factory Rs 108,700
Total 127,350

6 No part of this amount can be found by re-appropriation of other grants in the 1st Budget as the whole of it would have to be sanctioned as an additional grant.

Director of Sericulture

12-9-31

@ details with regard to the items for which Rs. 8475 are given in the above enclosed with Dir's letter (pencil).

For perusal & discussion at the proposed meeting on 20/9

The variations between sanctioned grant & proposed revised estimates & whether any part of it can be postponed and carried out from year to year has been explained in the Dir's letter dated 12-9-31 forwarding the revised estimates

General and Revenue Secretariat | File No. of 193 .

Serial No.

8 The letter of the Director of Industries and Commerce clearly explains the present requirements of the scheme. I have also discussed the details of the proposals with him, with a view to ascertain if any of the items of expenditure proposed could be deferred for the present, so that the amount of additional grant required might be reduced. Government having ordered that the Silk Filature should work in close association with the Weaving Factory, the Director has now sent up comprehensive proposals, and these may be summarised as follows:

Sen. 31-3 0-2 W

9 As regards Filature:- The new building sanctioned by Government estimated to cost Rs.25,050 has been completed and will require about Rs.7,000/- per year only, Rs.17,000 having been paid up to the end of last year. In addition, the Director requires Rs.2,000 for the motor house and Rs.10,000 for shifting the filature, as against the provision of Rs.1,500 for Boiler and motor house and Rs.3,800 for shifting the filature. This expenditure is considered essential in view of the fact that more than half the building meant for the filature has been taken up by the Weaving Factory for which if a separate building had been put up, a further expenditure of about Rs.20,000 would have had to be incurred. The Director also mentioned to me that, in view of the present steam requirements of the Dyeing and finishing section and of the fact that the present filature boiler has been condemned, he considers it necessary after consulting expert opinion, to instal a single big boiler at a

NOTE—Contn. Sheet.

WD 02553—G PB—50,000—8-7 30

total cost of Rs.10,000 (Rs.5,000 for boiler and Rs. 5,000 for housing chimney, furnace etc.) capable of supplying all the steam required by the combined concerns. Though this has not been mentioned in his letter owing to these facts having come to light subsequent to the correspondence under consideration, he thinks it is necessary to meet this requirement at once. This amount is wanted against the provision of Rs.2,000 for boiler house and Rs.1,000 for new boiler in his original proposals. He mentioned to me that it would be expensive in fuel to have a number of small boilers for different purposes. There is considerable force in this and as we are incurring heavy capital outlay on the new scheme, it would be false economy to veto this additional item of expenditure.

10 As regards other items, against the provision of Rs.1,800, the Director wants Rs.5,650 for the filature section only. These items are of a necessary character and do not seem to warrant postponement.

11 As regards the Weaving Factory: The new Silk factory consists, as pointed out by the Director, of two sections:-

(1) Weaving section which is located in a part of the filature building, and

(2) Dyeing and finishing section for which a new building has been sanctioned at a cost of Rs.46,500.

12 First, as regards the Weaving section, the Director thinks it is necessary to provide additional room for stores and for the expert's office. This is indispensible having regard to the value and volume of the stores and the need for maintaining accurate stock and account. For

Serial No.

this, the cost is estimated at Rs.6,000 including the cost of partition estimated at Rs.1,000.

13 Secondly, as regards Dyeing and Weaving section, an estimate for Rs.46,500 has already been sanctioned by Government. This does not include a boiler room which is necessary in view of a big boiler being installed. The other items are all necessary adjuncts and call for no remarks.

14 As regards the plant, the original plant was ordered at a cost of Rs.105,000. Of this, a third was paid at the time of placing the order. The machinery has arrived and is being installed. The amount remaining to be paid is Rs.70,000, of which Rs.10,000 need be paid only next year. In addition to the above, plant worth Rs.16,822 has been ordered and has to be paid for during the year.

15 The total expenditure connected with the filature and installing new machinery and putting up new buildings will thus be:

(1) For Filature- Rs.36,650 inclusive of the cost of the new boiler and boiler house (Rs.10,000) against a grant of Rs.11,000 only.

(2) Factory- Rs.174,772 against a grant of Rs.56,100. Deducting Rs.10,000 out of this which need be paid only next year, the total amount necessary is Rs.164,772.

The additional grant necessary is thus:

For the Filature	Rs.25,650
For the Weaving plant ...	108,672
Total....	Rs.134,322

OFFICE OF THE SECRETARIAT COUNCIL 30 Oct. 1931 No. 4337

NOTE—Contn. Sheet.

WD 02553—G PB—50,000—8-7-30

16 This is for orders. The Financial Secretary may be consulted.

Second Member) 17/9 SPM 30/9

29/9/31

Pol. Secret 29 Complete

MK 30/9/31 MK 30/9/31

Pl 1113 1/10/1931

10 I believe this scheme was undertaken, as "financially the proposal was considered to be a sound investment". Vide Financial Proceedings of the 3rd meeting of 11th April 30. But as observed by the First member (now officiating) on 8th July 1931, "the capital is mounting up and the difficulties of working the concern profitably are increasing. We have to take all possible measures to ensure the paying character of the concern from the beginning".

19. The Retrenchment Committee went into this question at some length and after a full discussion with the then Director of Ind. (Mr. R. Sahib) they resolved that "no additional capital should be allotted on this concern without further examination and assurance".

20 I beg to strongly support this recommendation. Commitments already undertaken and plant and machinery already ordered or received or ordered have to be kept up and paid for. But there should be a halt at that, till the whole position is thoroughly examined and the revenue aspects of the venture is definitely indicated.

21 The additional grant asked for comprises two parts. One part referred to in Statement I relates to the Revenue budget. Whatever additions to the budget grant is required in this part has to be met by reappropriation and by that method only.

The

General and Revenue Secretariat | File No. 89 of 193 |.

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The Director may be asked to suggest a source if addl funds are necessary and cannot be put off till next year. As regards the second part, which will have to be financed from Capital funds, the addl grant may for the present be limited to arrival of the latest grant of last year and to the commitments.

22 I am agreeable to an addl provision of Rs 78,200 being made as per particulars given below: —

Original estimate of Plant with addl equipment &c.	Rs	1,20,000.
Building.		46,500.
Pay of Establishment & other charges not included in the above.		12,800.
A. Total.		1,79,300.
Deduct- advance paid last year.		35,000.
" provision made in the current year for Stores.		56,600.
" Reserve payable in 32-33.		10,000
B.		1,01,100.
Net A-B.		78,200.

23 The question of arranging for more funds than the above may be taken up when the Director's proposal regarding also covering the operation expenses is received. And in this connection I have to emphasise once again the Caveat entered by the Retrenchment Committee.

24 I am afraid the above grant Cannot carry 12.10.31.

Jt Secy Endorsed the Scheme very far. The Director has already Commenced the Fitting building work on an enlarged Scale. There are other items which cannot be deferred whether 14/10/31

The Proposals of the Director for working Capital of Rs. 72,000/- have been received and dealt separately - (D. 1485) 18.15.10.31

NOTE—Contn. Sheet.

WD 02553—G.P.B—50,000—8.7.30

987

8

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Charges Rr or Capital Expr. Ratification of funds & an Extnt g/ means g Rs 25000 for the filature would seem to be beyond hope. If moves at do & merely instal the machinery and then it is left without providing the necessary Equipment and subsidiary parts. The Scheme will have to be viewed as a whole and all urgent and necessary Expr. found. If not the matter may be discussed with the Director Sericulture and the final Secy Sanctioned.

OFFICE OF THE SECOND MEMBER OF COUNCIL 16 OCT. 1931 No. 1854

2nd member) MS 14/10/31 MWM 15/10/31

9A. Yes — as early as possible

SPR 16/10 Please put this up at 11 hrs on 19th inst at 11 hrs. MS 17/10

9b

The Subject was fully discussed at the meeting presided over by the 2nd member and at which the Dr Sericulture, Asst Secy to Govt were present. The following Expr was agreed to.

(1) Filature: Statement I

(a) Filature Building — The unspent grant of last year of Rs 7000 to be provided for.

(b) Boiler & motor house — Rs 2000 to be provided for the Motor house only. Boiler & Boiler house being separately provided for.

(c) "Shifting the Filature Shed" — Against the budget grant of Rs 3800 — the present Estimate is Rs 9000. The work has been put in hand. The revised Estimate was affd and sanctd at the meeting.

Items (4) (6) (7) & 8 in Statement I — These to be retained as they are quite necessary.

Serial No.

The result of the above decision is as follows:- against a provision of Rs 11000 in the current year's budget, the amount required for Expn on acct of Filature alone is Rs 25650 without taking into Consideration the amount necessary for a new boiler and its location & installation. This latter item will require as per recent estimates of the Director (mentioned at the meeting) - Rs 19000 nearly.
Thus the total Expn on ~~account~~ filature will be Rs 45000/- of this Rs 11000 has been provided in the budget. Rs 7000 of last year's lapse was not included in the budget. The result is that an addl. grant of Rs 34000 is now necessary and has to be sanctd.

Statement II

27 Weaving & Dyeing plant

Last year's provision was Rs 1,20000. Which only Rs 35000/- was paid for machinery imports from Switzerland. There was thus a lapse of Rs 85000.
To this has to be added a sum of Rs 46500 required for the Dyeing factory building.
The other necessy items are

(a) Addl. plant. Rs 16822 necessy.
(b) Water mills Rs 3750 Do.
(c) Office Room & partition wall Rs 5000 + 1000 - This was considered necessy as a part of the weaving filature building is now available for weaving factory thus saving money on a separate building.

NOTE - Contn. Sheet

(d) misc. items - Rs 3900.

(e) Payt Expenses during period of strike & before work Commences Rs 12000. agreed to

WD 02553--50,000--GPB--8-7 30

out of Rs 174772 required for the whole scheme only Rs 56100 has been covered provided in the budget. Balance req. Rs 108672/-
of this Rs 10000 is not payable during the current year. The net amount req. as addl. grant Rs 108672. 0-0. 0

The addl. grant required both for the filature and the Weaving & Dyeing section will be
Rs 34000 - For filature
Rs 108672 = For the New section
Total Rs 1,42672: for both. To this it is likely that a sum of about Rs 7000 will have to be added in account of increased import duty.
Total addl. grant therefore will be Rs 1,50000/=

qg
It was agreed that the whole of this sum may be shown as Capital Expe Whether incurred in connection with the filature section or the new Weaving & Dyeing section.
It was also agreed that pending sanction of the addl. grant, the estimates received for work above already started and in progress may be sanctioned and Expe met out of the existing provision in the budget.
The Board also decided that the Estimates may be

2nd Member
Min' Fin' &c'

MS
11.11.31

12/11/31

Q. It is a matter for regret that a heavy demand

R 1113/12-11-1931

General and Revenue Secretariat 84 File No. 29 of 193 1.

H 1113

DEWAN'S OFFICE. 3413 14. NOV. 1931

Serial No.

Rs 1½ lakhs has been put up at a time when every endeavour is being made to retrench expenditure under both revenue and capital heads and to conserve the resources of the Treasury.

I must be pardoned for saying that this venture has become a 'leap in the dark' and I only hope that it will not result in heavy revenue losses.

12.11.31.

2nd Member + Dewan

not support Second Member

13/11/31

13/11/31

16/11/31

31 I also share the Financial Secretary's regret regarding the necessity for the large additional grant asked for: and I am free to confess that if the proposal had come as a fresh one, unfettered by commitments, I would not find myself in a position to agree to it at the present time. But these proposals were taken up and sanctioned at a time when the financial outlook was not so bad as at present. The works are almost completed except for the ~~furnishing~~ finishing of the dyeing factory and the experts have been here for some time; and I think it is out of the question to sacrifice the work already undertaken so far.

32 I would also point out that out of this additional grant of 1½ lakhs, nearly Rs.1,40,000 * are needed for the plant which was not paid for

* Plant - 86,000
Dye House 46,000
Other buildings roughly. 10.000

NOTE—Contd. Sheet

11

(97)

Sec. File No. 29 of 193 1. | General and Revenue Secretariat

for fully last year and the construction of necessary buildings including the Dye House. If all the trouble and the expense already undertaken are not to be wasted, there is no other alternative than to sanction this amount.

OFFICE OF SECOND MEMBER OF
18 NOV. 1931
No. 3956

JPR
17/11/31

Council matter.
1

Deputy Chief Secy

1/2 Mh 18/11/31

RG
19/11/31 mh 18/11/31

DEF 3882
18 NOV. 1931

3rd I agree. We can not go back or keep this Concern in Suspense. Let the demand be fully explained in the Schedule. What we get is only a revival of lapsed Grant - may be clearly stated - The value of the new items may also be briefly stated

mh 20/11/31

mm 20/11

mcy 20.11.31

Sd The case has perhaps to be circulated to Council and submitted to H.E. before placing a demand before the Leg. Council.

Mh 20/11/31

Dep Secy

1st member Chief Secy

C.S. Winterbotham RG

mm 20/11 mm 23/11/31

MEF SECRETARY
23 NOV. 1931

Serial No.

35 I am constrained to make a few observations about this case.

36 In submitting this scheme to Government in the first instance the Director of Industries and Commerce merely asked for sanction to purchase the plant at a cost of Rs.1,05,000. He did not give Government a clear idea of all that the scheme involved under capital outlay or working expenses; but it was understood that the additional expenditure required would be (1) about Rs. 5,000 for housing and erecting the plant and (2) the pay of one or possibly two experts for some months. I noted at the time as follows: "It is difficult to make out what the ultimate commitments involved in this scheme are under capital outlay, working capital and annual profit and loss". I now find -(the file was not circulated for perusal of the orders passed)- that the proposals of the Director were sanctioned without getting from him any clear statement as to the ultimate commitments. The result is what might have been expected, item after item of new expenditure is proposed and incurred. As against Rs.5,000 which was the anticipated expenditure for the housing and erection of the plant, a building at a cost of Rs.46,500 has been sanctioned and a sum of Rs.15,000 towards cost of erection was sanctioned and included in the budget of 1931-32 under 39, Capital Works, which further included a provision of Rs.1,913 for

NOTE – Contn. Sheet

WD 02553—50,000—GPB—8-7 30

furniture, and a sum of Rs.11,000 charged under Sericulture as "minor capital expenditure". An expenditure of Rs.12,800 was also sanctioned at about the same time for the pay of 2 experts. Additional plant to the extent of Rs.16,822 has been sanctioned from time to time. According to the statement sent up by the Director on the 4th September 1931 the budget provision under 39, Capital Works, has to be raised from Rs. 16,913 by a further sum of Rs.11,737, and the provision under minor capital expenditure under Sericulture is to be raised from Rs.11,000 to Rs.29,650. I understand from the Development Secretary that this latter figure has to be raised again to Rs.44,150 to include the cost of a new boiler. Thus, as far as I can make out the cost of the scheme which originally was estimated at about Rs.1,05,000 plus Rs.5,000 plus pay of one or two experts has now come up to Rs.2,53,922. The intial capital expenditure has thus more than doubled itself and one does not know what the effect of this on the anticipated income is, because as far as I can see the Director has not even now given us an idea of the income, working expenses and the net profits if any to be realised. Will the gross income be equalled or more than the working expenses? If there is any net income what return will it bring on the capital?- these are questions for which one looks in vain for an answer.

I feel strongly that it was the duty of the Director of Industries and Commerce to have studied and prepared the scheme with more thorough-

General and Revenue Secretariat — File No. 29 of 1931. 153

Serial No.

thoroughness and ~~to~~ give Government a clear and correct idea of the cost and prospects of the scheme and that his failure to do so has landed Government in heavy outlay. If he had warned t Government in time that the anticipated outlay was likely to be largely exceeded, it might have been possible to Government to stop further expenditure till the financial and industrial situation improved.

DEV. 3921 3 DEC. 1931 C.E.

Secretary Thro Dev. Secy. RG 2/12/31

3 & The observations of the Finance Member in regard to the imperfect presentation of the Scheme in the first instance and the Consequent Considerable enhancement of the originally estimated cost may be Communicated to the Dir

1st Member RG 3/12/31

RG 4/12/31

OFFICE OF THE FINANCIAL ADVISER 3 DEC. 1931 No. 6289

NOTE—Contn. Sheet

WD 02553—150000—GPE—[illegible]

5 (97)

File No. 297 of 1931

General and Revenue Secretariat 153/C

DEWAN'S OFFICE 6369 15. DEC. 1931

OFFICE OF THE SECOND MEMBER OF COUNCIL 4 DEC. 1931 No. 2760

For perusal.

2nd Member) MS 4/12

JPR 5/12/31 MS 5/12/31

Submitted with a D.F.N. for orders.

15.5.12.31. KB

MS 7.12.31

Dev Sec'y)

2nd Member) MS 8/12

JPR 9/12

No Submitted with a D.F.N.

KB. 15.12.31 MS 15-12-31

Dev Sec'y)

Dewan) MS 15/12/31 MS 15/12/31

15/12/31

For Disposal by Circulation.

No. C. 153 (46

of 1931-32

GENERAL AND REVENUE SECRETARIAT

Council Matter.

Subject.

Question of sanctioning an additional grant of Rs.1½. lakhs in connection with the working up of the enlarged silk filature and the new Dyeing & Finishing Plant.

Circulated to the Members of Council.

By Order,

R. Ragavan.

Chief Secretary to Government.

24th Nov. 1931.

4002/24/11 **First Member of Council.** (Vide opinion recorded by the Member.) 24/11/31

3266/24/11 **Second Member of Council.** SPR 24/11

~~**Third Member of Council**~~

(17)

Final Note by the Second Member of Council.

Seri. 29.31

Subject:—

Additional grant for capital expenditure required for the Government Silk Filature and the New Silk Weaving Plant in Mysore.

42 His Highness was graciously pleased to approve on the 18th September 1930 of the installation of a Silk Weaving Demonstration Plant as an adjunct to the Silk Filature at Mysore and a provision of Rs.1,20,000 for the purpose was made in last year's budget under "39, Industrial and other works". A sum of Rs.35,000 was paid last year to the manufacturers of the plant as advance, and as the machinery did not arrive in time the bulk of the last year's grant amounting to Rs.85,000 lapsed.

43 The construction of a building for the Silk Filature at Mysore at a cost of Rs.23,750 was sanctioned in March 1930 and this estimate had to be subsequently revised to Rs.25,050.

44 The Director now reports that as the Weaving Plant is to be worked as an adjunct to the Filature, it was decided to house the new Plant, in a part of the Filature building, that certain additional equipment is found to be urgently necessary, and has submitted comprehensive proposals involving an additional grant of Rs.1,50,000 as detailed below:-

	Rs.	
Revival of the lapsed grant	85,000	
Construction of a building for the Dyeing Factory.	46,500	This has already been sanctioned by Government.
	1,31,500	

Ser. 29.31

Brought forward	...	1,31,500	
Charges for additional plant e.g., purchase of Gas plant, Piston Blower etc.	...	16,822	These have been sanctioned already. D.R. 82-29-340 H.
Office Room and Stores etc.		6,000	
Preliminary expenses, pay of Experts, etc.		12,800	
Miscellaneous items such as furniture and transportation.		2,000	
Amount required for completion of Filature Building		7,000	
Motor Hose construction		2,000	
Shifting the Filature Shed		9,000	This has been sanctioned already. Ser. 15-31-5 C.
Shifting and re-erecting basins.		2,000	
Bore-hole, pump and water tank		7,500	
Drainage and water connection.		2,800	
Latrines	...	1,000	
Cost of boilers and installation		19,000	
Probable import duty on machinery.		7,000	
			2,26,422
DEDUCT			
A sum of Rs.67,100 provided in the Budget under Silk Filature and Capital Expenditure of the Weaving Factory, plus Rs.10,000 to be paid next official year.			77,100
in round figures			Rs.1,49,322 or 1,50,000

45 I discussed the details of the proposals of the Director with the Development Secretary and the Financial Secretary and noted as follows on the 17th November 1931:-

para 1-72 of his notes. "I also share the Financial Secretary's regret regarding

regarding the necessity for the large additional grant asked for and I am free to confess that if this proposal had come as a fresh one, unfettered by commitments, I would not find myself in a position to agree to it at the present time. But these proposals were taken up and sanctioned at a time when the financial outlook was not so bad as at present. The works are almost completed except for the finishing of the Dyeing Factory and the Experts have been here for some time; and I think it out of the question to sacrifice the work already undertaken so far.

I would also point out that out of this additional grant of Rs.1½ lakhs nearly Rs.1,40,000 are needed for the plant, which was not paid for fully last year, and the construction of the necessary buildings, including the Dye House. If all the trouble and expense already undertaken are not to be wasted, there is no other alternative than to sanction the amount."

Plant	...	86,000
Dye House	...	46,000
Other buildings	roughly	10,000

4b When the file was submitted to the First Member of Council he observed as follows:-

paras 35-37, pp. 12-14 of the notes.

"I am constrained to make a few observations about this case.

In submitting this scheme to Government in the first instance the Director of Industries and Commerce merely asked for sanction to purchase the plant at a cost of Rs.1,05,000. He did not give Government a clear idea of all that the scheme involved under capital outlay or working

working expenses; but it was understood that the additional expenditure required would be (1) about Rs.5,000 for housing and erecting the plant and (2) the pay of one or possibly two experts for some months. I noted at the time as follows:

> "It is difficult to make out what the ultimate commitments involved in this scheme are under Capital outlay, working capital and annual profit and loss".

I now find, (the file was not circulated for perusal of the orders passed), that the proposals of the Director were sanctioned without getting from him any clear statement as to the ultimate commitments. The result is what might have been expected - item after item of new expenditure is proposed and incurred. As against Rs.5,000 which was the anticipated expenditure for the housing and erection of the plant, a building at a cost of Rs.46,500 has been sanctioned and a sum of Rs.15,000 towards cost of erection was sanctioned and included in the budget of 1931-32 under "39, Capital Works", which further included a provision of Rs.1,913 for furniture, and a sum of Rs.11,000 charged under Sericulture as "Minor Capital Expenditure". An expenditure of - - Rs.12,800 was also sanctioned at about the same time for the pay of two experts. Additional plant to the extent of Rs.16,822 has been sanctioned from time to time. According to the statement sent up by the Director on the 4th September 1931, the budget provision under "39, Capital Works", has to be raised from Rs.16,913 by a further sum of Rs.11,737, and the provision under minor Capital Expenditure under Sericulture is to be raised from Rs.11,000 to Rs.29,650. I understand from the Development Secretary that this latter figure has to be raised again to Rs.44,150 to include the cost of a new boiler. Thus, as far as I can make out the

the cost of the scheme which originally was estimated at about Rs.1,05,000 plus Rs.5,000 plus pay of one or two experts has now come up to Rs.2,53,922. The initial capital expenditure has thus more than doubled itself and one does not know what the effect of this on the anticipated income is, because as far as I can see, the Director has not even now given us an idea of the income, working expenses and the net profits if any to be realised. Will the gross income be equal to or more than the working expenses? If there is any net income what return will it bring on the capital? - these are questions for which one looks in vain for an answer.

I feel strongly that it was the duty of the Director of Industries and Commerce to have studied and prepared the scheme with more thoroughness and given Government a clear and correct idea of the cost and prospects of the scheme and that his failure to do so has landed Government in heavy outlay. If he had warned the Government in time that the anticipated outlay was likely to be largely exceeded, it might have been possible to Government to stop further expenditure till the financial and industrial situation improved."

para 33 - page 11 of this notes

47 In minuting on the case, the Dewan has observed that it is not possible to go back or keep the concern in suspense and that the additional amount may be sanctioned, a demand for the amount being placed before the Legislative Council. He has also ordered that the observations of the First Member may be communicated to the Director.

para 38 - page 14 of this notes.

48 The present estimates have been prepared in consultation with the two experts and include all the items ~~and~~ for which provision should have been originally made. As the matter was urgent and

Sen. 29.7.1 | 22

and as a meeting of the Council was being held from the 10th December 1931, a demand for an additional grant of Rs.1½ lakhs for this purpose was accordingly placed before the Legislative Council at its Session on the 13th December 1931 and was approved by that Body. Out of this demand Rs.85,000 is a revival of the lapsed grant. In addition to expenditure on capital account mentioned above, a working capital of Rs.44,000 has also been sanctioned to enable the Director to proceed with the work.

Sen. 43-31-2 M.

I submit the papers for the gracious approval of His Highness of the action taken.

MEMBER OF COUNCIL.

Bangalore.
14th December 1931,

Sec. 29-31

(29)

Submitted to His Highness.

41 *I submit herewith a Final Note by the* Second *Member of Council on the subject of* Additional Grant for Capital Expenditure required for the Govt. Silk Filature and the New Silk Weaving Plant in Mysore, *for His Highness' gracious approval.*

15th Decr. 1931.
Bangalore.

M. Venkatarama Rau
Offg Dewan.

153

(23

Sen·29-31

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Additional grant for the Government Silk Filature and the New Silk Weaving Plant in Mysore.

138

5·0

Order.

~~KRW~~

19/12/31

C Leg
No—
20-12-31

21/12/31

General and Revenue Secretariat

Sec. 99-31

C 153

Additional grant for the Govt. Silk Filature and new Silk Weaving Plant in Mysore

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

5-1

Circulated to Members of Council for perusal of His Highness' orders before/after* issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

N. Madhava Rau

Chief Secretary to Government.

Through the Secretary to Government,

Dev Department. 23/12/31

4061 22.12

FIRST MEMBER OF COUNCIL. 22/12/31

5026 23/12

SECOND MEMBER OF COUNCIL. 23/12/31

~~THIRD MEMBER OF COUNCIL.~~

NOTE.—Contn. sheet.

Dev. Secy, with Comps.

23/12/31

23/12/31

52 Draft. with wgts put up. 23/12/31

DEWAN'S OFFICE 6 JAN. 1932 4772

Serial No.

5·3 Sent with two drafts.

HB. 26.12.31.

Read

In approval

Mr 31/12/31

Dev Sec'y)

2nd member)

mk 5/1/32 2/5/1/32

please issue
Sp. M
Issued in app. of
submitted
Secretariat

5·4 by 5/1/32

Dewan)

mk 6/1/32 MB 6/1/32

5·5 May issue. Be submitted to Dewan for perusal after his return from Madras

by 7.1.32

5·6 Done mk 7/1 MM 7.1.32

6 G.O. No. 19. 3443-48 8.1.32 Sanctioning an addl. grant of Rs. 1,50,000/- addl.

Draft Issue Sent.

For perusal before issue

9/1/32

Secy) 9/1

11.1.32.

5·7 Done 12/1

Communicated

5·8. G.O. Sanctioning an additional grant of Rs. 1,50,000/- for the Silk-weaving Plant and the Silk Filature and a Do. to the Dir. Communicating the II Members observations at paras 36-37 are Sent for perusal (vide para 5·5).

For his perusal

HB. 12.1.32.

Dewan) 13/1

Mr 12.1.32

Re. Cur. 1245

29/1/32

5-3-32 11/1

DEWAN'S OFFICE 4882 12 JAN. 1932

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31.

Serial No. 5-9

4122

Mr R. Rao Sahib who was the Director at the time, is the real Culprit. A Memo of explanation is necessary must be shown to him must be called down for Govt. down here by him in his malli, & must be asked to be more careful in future when making such recommendations to Govt.

But a note of warning is necessary, because being rather an impulsive man, he may again, as Director, put forward schemes without properly examining them and without considering the exact cost involved & other practical details.

(1st member) 13-1-32

13/1/32.

13/1/32

29.1.32

29/1

29.1.32

2nd Sorted with a DO to Mr. R. R. Sahib.

28.1.32

Put up a Clean draft as proposed

20/1/32

Draft letter to Mr C R Rao Sahib for approval and issue.

20.1.32

20/1

(1st member)

22/1/32

20/1/32

No. 4270.

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31.

27 (97) C157

File No. 29 of 193 .

General and Revenue Secretariat

Is this admonition Concerns an Officer drawing over Rs 500/-, it is desirable that the letter should issue over the Chief Sec'y's Signature if the Chief Sec'y has no objection.

Chief Sec'y with compts

23/1

23/1/32

I agree.

23/1/32

Dft Letters nos. D. 3703 and 3704 dated 26th January 1932 to Messrs N. Rama Rao and C.R. Rao Sahib Communicating the observations of the 2nd Member of Council at paras 3 & 37.

1/2/32

30.1.32.

CHIEF SECRETARY
23 JAN. 1932

GEN. & REV. SEC'T
21
DEVELOPMENT BRANC

G. R. S. III—3]

28)

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The file has 9 thumbs to be recorded in the Dev. Branch.

Two fair copies (and a fair draft) may be kindly sent for Chief Secretary's Signature. One copy will be preserved in C. B.

CSA
25/1/32

The Supdt. Dev. for with Compts

Fair copies of the D.O. letters to the Dir. D.P. and Mr. R. R. Sahib are put up

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Schedule of Demands for Additional and Supplementary Grants for 1931-32 submitted to the Legislative Council.

(December Session).

Number of original Demand	Head of Account	Amount	Remarks	Amount
		Rs.		
14	24. A. Communications.	2,29,900	A sum of Rs. 2,29,900 has now been received from the Government of India as our share in the Road Development Fund formed out of the additional levy of two annas Petrol Tax. This is creditable to the Road Fund earmarked for road maintenance and development. The Budget counted on this receipt, but, pending receipt of this amount the provision required for carrying out the programme for special repairs and improvement of roads was not made in the Budget. As funds are required by the Department, the necessary appropriation has now to be made and an aditional grant is accordingly applied for.	Rs. 2,29,900
28	39. Industrial and other Works. 2 Soap Factory (b) Other Minor Works.	1,58,521	The purchase of a Caustic Soda Dissolver for the use of the Soap Factory at a cost of £ 100 was sanctioned in July 1929, the expenditure being chargeable to the Capital Grant of the Factory. The expenditure is reported to have been met out of the working advance of the concern and its recoupment is now asked by the Department to cope with the increased demand for the Factory produce. A General Reserve has been built up out of the profits of the Factory and the expenditure will be charged to the said Reserve. As there is no provision made in the Budget for this adjustment an additional grant to Capital is applied for. Rs. 1,476 2. In May 1930, sanction was accorded to the installation of a plant for the manufacture of Turkey Red Oil at an estimated cost of Rs. 5,500 to be met out of the General Reserve of the Factory. The estimate is since revised for Rs. 7,045. The scheme is being put in hand in the current year. An additional grant is applied for to cover the appropriation from the General Reserve. Rs. 7,045	
	(3) Weaving and Dyeing Factory.	..	With the concurrence of the Legislative Council, the installation of a silk weaving and finishing plant was undertaken last year and a Capital grant of Rs. 1,20,000 was provided for the purpose in the Budget of 1930-31. This was expected to be spent before the close of the year and in the current year's Budget a sum of Rs. 56,000 was provided to meet the further outlay on this account. As the machinery did not arrive in time, the bulk of the last year's grant (*viz.*, Rs. 85,000) has lapsed and this has now to be revived.	

Number of original Demand	Head of account	Amount	Remarks	Amount
			Besides the revival of the lapsed grant, the further demands to be met this year have after a careful examination been found to be as follows :—	
			Rs.	
			(1) Construction of a building for the Dyeing Factory ... 46,500	
			(2) Charges for additional plant ... 16,822	
			(3) Office Room, etc. ... 6,000	
			(4) Preliminary expenses, pay of experts, etc. ... 12,800	
			(5) Miscellaneous items ... 3,900	
			(6) Balance of the estimate of Rs. 25,050 for the Filature Building under completion ... 7,000	
			(7) Improvements to the building to accommodate the weaving factory in the said building :—	
			Motor House ... 2,000	
			Shifting the filature shed ... 9,000	
			Shifting and erecting basins. 2,000	
			Bore-hole, Pump and water tank, etc. ... 7,500	
			Drainage and water connection ... 1,400	
			Latrine ... 500	
			(8) Cost of boilers and their installation ... 19,000	
			Total ... 1,34,422	
			The total demand on all these accounts is Rs. 1,34,422; against this, there is a provision of Rs. 56,100 in the Capital Budget and Rs. 11,000 under Silk Filature and the balance required is Rs. 67,322.	
			Including the revival of the lapsed grant the total demand is Rs. 1,52,322 of which Rs. 10,000 is due to be paid only during the next year.	
			Thus for both the filature and the weaving and dyeing sections, the total grant required will be Rs. 1,43,000 (in round figures) and adding to this a sum of Rs. 7,000 being the probable import duty on machinery, the additional grant applied for is Rs. 1,50,000.	
			The works are almost complete except for the finishing of the Dyeing Factory. Arrangements are made for starting work at the Weaving Factory. The Experts for installing the Machinery and working it have arrived, and the additional grant of Rs. 1,50,000 applied for is necessary.	
			Total ...	Rs. 1,58,521
30	29. Industrial Loans. (a) Loans for encouragement of Industries and Commerce.	20 lakhs.	Eleven years ago, the Sri Krishnarajendra Spinning Mill was registred as a Joint-Stock Concern with a Share Capital of Rs. 40 lakhs. The Capital was oversubscribed within about a month of the publication of the prospectus inviting subscription. With a view to take advantage of the boom, quick supply of machinery was ordered when prices of machinery ruled high and the erection of the Mill with a spindleage of 25,000 was speeded up. When the Mills started business it was found that the share capital had all been spent on fixed assets and the Company borrowed funds for working capital from the Mysore Bank.	

Number of original demand	Head of Account	Amount	Remarks	Amount
			In May 1925, the Management approached Government for financial assistance, as the Bank had called up a sum of Rs. 3½ lakhs out of the funds advanced by it and the Company was unable to obtain accommodation elsewhere owing to the tightness of the money market. To help the Mill Industry to tide over the difficulty, Government agreed to afford the necessary accommodation to the Company as a temporary arrangement and guaranteed to the Bank payment of a sum of Rs. 3 lakhs. It was soon found that this accommodation was not adequate and that if further support was not given by Government, the Concern would go into liquidation. The Mills wanted about eleven lakhs of Rupees as Block Loan on the security of the fixed assets, besides the advance which the Managing Agents could raise on the security of the floating assets. At this critical stage Government entered into negotiations with the Mysore Bank and agreed in April 1926 to give a guarantee up to a maximum of Rs. 11 lakhs for a period of five years. The amount of the guarantee was raised to Rs. 13 lakhs in April 1928. Owing to trade depression and also mismanagement, the Concern has been continually working at a loss and the interest on the block loan has remained unpaid for about three years. The total amount due by the Mills to the Mysore Bank on the guarantee of Government amounts to about Rs. 16 lakhs. The Bank has also declined to provide the Mills with the necessary working capital and called up the guaranteed loan. Having regard to the magnitude of the interests of Government involved in the guarantee and the desirability of saving the pioneer textile industry in the Mysore City, Government have decided to take over the management of the Concern, pay to the Bank the Block Loan and provide the necessary finance for working the Concern. A sum of Rs. 16 lakhs is required for discharging the guaranteed debt and another sum of Rs. 4 lakhs as working capital, or in all, Rs. 20 lakhs. As there is no provision made in the Budget to meet this demand, an additional grant is applied for.	Rs. 20,00,000

BANGALORE,
1st December 1931.

B. SRINIVASA IYENGAR,
Secretary to Government,
Financial Department.

W D 1083—GPB—3-12-31

Telegraphic Address.—"INDUSCOM."

(1) CD 967

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

DEVELOPMENT BRANCH.

In reply please refer to
No. D2-1199/28-29
Encl,

OFFICE OF THE DIRECTOR,

Dated, Bangalore,....4th..Septr.....*193*1.

FROM

N. RAMA RAO, Esq., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore, India.

OFFICE OF THE SECRETARY TO GOVERNMENT
7 SEP 1931
No. 6468

To

B. T. Kesaviengar, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

Recd 6/9/31

2 Ft 82-29-37

Secn-29-31-1

Sir,

Submitted for kind perusal.

Installation of Silk Plant in Mysore and shifting of Filature - Additional grant required during 1931-32.

5/9/31

I have the honor to state that Government in their order No. D. 2579-80/I&C 82-29-11 dated the 2nd Septr. 1930 sanctioned the purchase and erection of a complete silk plant for Weaving High Class Fabrics in Mysore. The factory to be established has to be treated as an adjunct to the Filature and has to consist of two sections - 1) A Silk Twisting and Weaving Section comprising all processes from winding and twisting to weaving, and 2) a Dye-ing and Finishing Section. No comprehensive estimate including all items of expenditure seems to have been prepared till now, but separate sanctions were obtained from time to time for the plant - and for a few items of expenditure as they came to be incurred. It is now necessary to prepare a total estimate including all items of expenditure which have to be incurred before the factory can commence work and to obtain a grant of the sum necessary for the purpose.

It would be convenient to deal in the same reference with the question of additional funds required for the connected work of - shifting the Filature to the new building. It may be remembered that though the building was originally intended solely for the - Filature and would have amply sufficed for its requirements, it was

was later on decided to house the Weaving Section of the Silk Factory in a part of the structure and to put up a separate building only for the Dyeing and Finishing Section. Now that a lay-out has been actually prepared with the assistance of the Weaving Expert, it is found that a little more than a half of the new building has to be appropriated for the plant of the Weaving Section. Room will have to be found elsewhere contiguously with the factory itself for the stores of the Weaving Factory and for the Office room of the Expert. It is necessary for this purpose to provide a building to the left of the Weaving Factory communicating with it by means of a passage. The remainder of the building is barely enough for putting up the Filature machinery proper, and the space required for stores, workshop, boiler, motor, testing room, stifling room for cocoons and the Office of the Assistant Superintendent, will have to be provided in some other way. For providing this additional space, I propose to undertake the following works, which I am convinced, are the absolute minimum possible both in accommodation and cost.

I. <u>For the Silk Factory</u> -

Terraced Building 20' x 50' costing approximately	Rs 5,000/-

II. <u>For the Filature</u> -

1. 2 Rooms - Onefor Boiler and one for engine Rs 2000 each	4,000/-
2. Shifting the old filature shed to a site behind the Factory; building and dividing it into tooms necessary for workshop, stores, stifling house, testing house, and office of the Superintendent.	10,000/-

It is also necessary to provide for water-supply to both the Filature and the Dyeing and Finishing Section of the Silk Factory and to lay-out drainage and water connections. Latrines will, likewise have to be provided for the use of the work-people employed. For this purpose, the works necessary are as below -

5000
4000
10 000
11 300
30,300

III. <u>Common to Filature and the Silk Factory</u> -

1. Borehole, pump and water tank	7,500/-
2. Drainage and Water-connections	2,800/-
3. Latrines	1,000/-

On these items Ipropose to meet a half from Filature funds and a half

the Comptroller to the Government of Mysore to admit bills for expenditure upto the limit of the additional grant prayed for.

It will be seen that the grant does not include the working capital for the Silk Factory. I am getting estimates prepared for this and shall submit my proposals in due course.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

NR-USC)

STATEMENT I.

GOVERNMENT SILK FILATURE - MYSORE.

STATEMENT SHOWING THE ADDITONAL GRANT REQUIRED FOR CAPITAL EXPENDITURE.

Expenditure to be incurred in 1931-32.		Sanctioned Grant in the Budget for 1931 - 1932		Additional grant required.		Remarks.
Work.	Amount	Work.	Amount	Work.	Amount.	
	Rs				Rs	
1.Filature Building (Amount to be paid this year)	7,000/-	-	-	Filature Building	7,000/-	
2.Boiler & Motor House	4,000/-	Boiler & Motor House	1,500/-	Boiler & Motor House	2,500/-	
3.Shifting the Filature shed, etc.	10,000/-	Shifting the Filature shed etc.	3,800/-	Shifting the Filature shed etc.	6,200/-	
4.Shifting & re-erecting basins.	3,000/-	Shifting & re-erecting Basins	2,000/-	-	-	
5.New Boiler & installation	1,000/-	New Boiler & installation	1,900/-	Boiler & Installation	- 900/-	Savings of Rs900/-

half from the capital grant of the Silk Factory.

As the existing boiler of the Filature has been found insufficient for its requirements, it will be necessary to supplement it with another boiler which has to be installed in the new boiler house. This will cost an additional sum of Rs 1,000/-.

In the year 1930-31, Government sanctioned Rs 25,050/- for the Filature Building, and Rs 1,20,000/- for the Weaving Factory. Out of the grant for the Filature Building, only about Rs 17,000/- were spent since the building was completed only this year. Therefore a sum of about Rs 7,000/- will have to be provided this year for meeting the balance of the expenditure on the building. Out of the grant of Rs 1,20,000/-, only Rs 35,000/- were spent last year being the amount advanced to Messrs. A. Brunnschweiler & Co., for manufacturing the plant. The rest of the grant lapsed. Therefore the whole of the money required for shifting the Filature and for building and installation of the Weaving Factory have to be met this year. The grant this year is only Rs 56,100/-. An Additional grant is therefore necessary.

I give below in abstract, a statement showing the additional grant necessary this year. The additional grant required will be Rs 18,650/- for Filature and Rs 1,08,700/- for the Silk Factory. As I have already indicated, this includes the lapsed grants of last year - Viz., Rs 7500/- for the Filature and Rs 85,000/- for the Silk Factory, the net additional grants being therefore only Rs 11150/- for the Filature and Rs 23,700/- for the Silk Factory.

As I have already submitted, the works are all of an urgent nature and admit of no delay or postponement as it is essential that immediate use should be made of the plant and Experts. I therefore request that the additional grant specified above may be sanctioned and that pending sanction the proposals which I shall submit in detail for the above works in the course of the next few days, may also be sanctioned and instructions issued to the

7. Drainage & water connection (½ of Rs2,800/-)	1,400/-	Water connection and Miscellaneous	1,800/-	Water supply and Latrines etc.	3,850/-
8. Latrines (½ of Rs1,000)	500/-				
Total:-	Rs 29,650/-		Rs 11,000/-		Rs 18,650/-

Bangalore,
Dated the 4th September 1931

R Ramma Rao

DIRECTOR OF INDUSTRIES & COMMERCE.

BV4.

7000
2000
9000
2000
3750
1400
500
25,650
19,000
46650 or round 45,000/-

These figures not formally approved by Govt: but provision has been made at Budget time vide Fin G.O. 274-36-1. J.

STATEMENT II.

STATEMENT SHOWING THE DETAILS FOR THE EXTRA GRANT REQUIRED FOR THE NEW SILK FACTORY AT MYSORE.

*****

S.No.	Works.	Expenditure to be incurred in 1931 - 1932.	Sanctioned grant in Budget for 1931 - 32.	Amount of additional grant required.	Reference to Govt. Order.
1.	Plant (Amount required for balance of cost)	70,000 0 0	39,187 0 0	30,813 0 0	D.2579-80/I&C82-29-11 dated 2-9-1931.
2.	Additional Plant:- Vats ..Rs 594/- Hydro Extractor ..Rs3,825/- Gas Plant Rs5,750/- Piston Blower ..Rs6,900/- Spare parts & spare appliances. ..Rs 743/-	16,822 0 0	-	16,822 0 0	D.9291/I&C82-29-27 of 1-4-31 Item No.1.G.O.No.D.4831-4/I&C 82-29-15 of 1-11-30. G.O.No.D.9508-9/I&C82-29-30 of 30-4-31 D.485-6/82-29-34 of 22-7-31 This office letter No.D2.1199/ 28-29 dated 21-8-1931.
3.	Cost of erection including electric installation and water connection.	15,000 0 0	15,000 0 0	-	
4.	Borehole Pump & Tank (½ of Rs7,500)	3,750 0 0	-	3,750 0 0	
5.	Building	46,500 0 0	-	46,500 0 0	D.10714-6/I&C.187-30-8 of 9-6-1931.
6.	Office Room and Stores for Weaving Expert	5,000 0 0	-	5,000 0 0	

7.	Partition	1,000 0 0	-	1,000 0 0	
8.	Latrines (½ of 1,000Rs)	500 0 0	-	500 0 0	
9.	Pay and other charges of the 2 Experts	12,800 0 0	-	12,800 0 0	I G.O.No.D.10991/seri.77-30-2 of 23-6-1931.
10.	Furniture and Transportation	2,000 0 0	1,913 0 0	87 0 0	
11.	Drainage and water connection (½ of Rs2,800)	1,400 0 0	-	1,400 0 0	
	Total:-	1,74,772 0 0	56,100 0 0	1,18,672 0 0	
	Less amount required for payment during 1932-33 on account of balance of the cost of plant			10,000 0 0	

120
35
85

108 -

23

Bangalore,
Dated the 4th September 1931.

DIRECTOR OF INDUSTRIES & COMMERCE.

BV4.

7

Proceedings of the Government of His Highness the Maharaja of Mysore.

---

8 copies
2 drafts.

Read--

Letter No.D.2.1199 of 28 dated 4th September 1931 from the Director of Industries and Commerce requesting sanction to an additional grant of Rs.1,27,350 for expenditure in connection with the ~~working of the enlarged~~ shifting of the installation of the silk Filature and the new silk ~~Factory~~ Weaving & Dyeing factories at Mysore.

Issued on 9.2.32.

ORDER No. D 3443-4 Seri 29-31-6

Dated, Bangalore, January 1932.

E

In G.O.No.D.2579-80/I & C. 82-29-11 dated 2nd September 1930, Government were pleased to sanction the installation of a Silk Weaving Demonstration plant as an adjunct to the Silk Filature at Mysore and a provision of Rs.1,20,000 was made for the purpose in the Budget for 1930-31 under "39 Industrial and other works" with the concurrence of the Legislative Council. This amount was expected to be spent before the close of the year and in the current year's budget a sum of Rs.56,000 only was provided to meet the further outlay on this account. As against last year's grant only a sum of Rs.35,000 was advanced to the manufacturers of the plant and the balance of Rs.85,000 was allowed to lapse as the machinery did not arrive before the close of the year.

TYPING SECTION 8. JAN. '32

A

2. In G.O.No.D.10520-24 Seri. 45-29-8 dated 25th March 1930, the construc-

cpnstruction of a building for the silk Filature at Mysore at an estimated cost of Rs.23,750 was sanctioned and this estimate was subsequently raised to Rs.25,050 in G.O. dated 7th November 1930. The estimate was not completely worked out, a sum of Rs.7000 being left over for payment during the current year. It has ~~been~~ since been ascertained that as the weaving plant is to be worked as an adjunct to the Filature, the new plant has to be housed in a part of the Filature building and certain additional equipment over what was mentioned in the Director's letter read above is also urgently necessary. These proposals involve an additional grant of ~~Rsx~~ Rs.1,50,000. Besides the revival of the lapsed grant, the further demands to be met this year have after a careful examination been found to be as follows:--

	Rs.
(1) Cpnstruction of a building for the Dyeing Factory.	46,500
(2) Charges for additional plant	16,822
(3) Office Room &c.	6,000
(4) Preliminary expenses, pay of experts &c.	12,800
(5) Miscellaneous items such as furniture, transportation &c.	3,900
(6) Balance of the estimate of Rs.25,050 for the Filature Building under completion	7,000
(7) Improvements to the building to accommodate the Weaving factory in the said building:--	
Motor House	2,000
Shifting the filature shed	9,000
Shifting and erecting basins	2,000
Bore-hole Pump and water tank &c.	7.500
Drainage and water connection	1,400
Latrine	500
(8) Cost of boilers and their installation	19,000
Total	1,34,422

The total demand on all these accounts is Rs.1,34,422; against this, there is a provision of Rs.56,100 in the Capital Budget and Rs.11,000 under Silk Filature and the balance required is Rs.67,322.

Including the revival of the lapsed grant the total demand is Rs.1,52,322 of which Rs.10,000 is due to be paid only during the next year.

Thus for both the filature and the weaving and dyeing sections

the total grant required will be Rs.1,43,000 (in round figures) and adding to this a sum of Rs.7,000 being the ~~procurable~~ import duty on machinery, the additional grant applied for is Rs.1,50,000.

As the present estimates have been prepared in consultation with the experts engaged to work the concern and ~~they~~ found include all the items for which provision is absolutely necessary, a demand for an additional grant of Rs.1,50,000 was ~~accordingly~~ placed before the Legislative Council on the 13th December 1931 and was voted by that body.

In view of the fact that all the items of work are almost completed except for the finishing of the dying Factory and the experts have already arrived and started work in the Weaving Factory, Government are pleased to sanction the additional grant of Rs.1,50,000 for the purpose.

The Director of Industries and Commerce is requested to have the funds administered economically and furnish Government with detailed revised statements showing how the amount now sanctioned will be distributed in respect of the several items included under Filature and Weaving plant respectively.

Satisfactory arrangements should also be made for working the concern so that it may as far as possible be placed on a profit yielding basis from its inception.

To

The Director of I & C.
The Comptroller thro:
F.D.

Ms 5/1/32

Secy., to Govt.,
Development Department

No. 4-1-32.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Read:—

Letter No. D.2. 1199 of 28, dated 4th September 1931, from the Director of Industries and Commerce, requesting sanction to an additional grant of Rs. 1,27,350/- for expenditure in connection with the shifting of the Silk Filature and the installation of the new Silk Weaving and Dyeing Factory at Mysore.

Order No.D. 3443-4 Seri. 29-31-6

Bangalore, dated the 8th January 1932.

In Government Order No. D. 2579-80/ I & C 82-29-11, dated 2nd September 1930, Government were pleased to sanction the installation of a Silk Weaving Demonstration plant as an adjunct to the Silk Filature at Mysore, and a provision of Rs. 1,20,000/- was made for the purpose in the Budget for 1930-31 under "39 Industrial and other works" with the concurrence of the Legislative Council. -- This amount was expected to be spent before the close of the year and in the current year's budget a sum of Rs. 56,000/- only was - provided to meet the further outlay on this account. As against last year's grant only a sum of Rs. 35,000/- was advanced to the manufacturers of the plant and the balance of Rs. 85,000/- was - allowed to lapse as the machinery did not arrive before the close of the year.

2. In Government Order No. D. 10520-2/Seri. 45-29-8, dated - 25th March 1930, the construction of a building for the Silk Filature at Mysore at an estimated cost of Rs. 23,750/- was sanctioned and this estimate was subsequently raised to Rs. 25,050/- in - - Government Order No. D. 5044-6/Seri. 31-30-2, dated 7th November 1930. The estimate was not completely worked out, a sum of - - Rs. 7,000/- being left over for payment during the current year.

KB

It has since been ascertained that as the weaving plant is to be worked as an adjunct to the Filature, the new plant has to be housed in a part of the Filature Building and certain additional equipment over what was mentioned in the Director's letter read above is also urgently necessary. These proposals involve an additional grant of Rs. 1,50,000/-. Besides the revival of the lapsed grant, the further demands to be met this year have after a careful examination been found to be as follows:--

	Rs.
(1) Construction of a building for the Dyeing Factory.	46,500
(2) Charges for additional plant.	16,822
(3) Office Room etc. ..	6,000
(4) Preliminary expenses, pay of experts etc.	12,800
(5) Miscellaneous items such as furniture, transportation etc. ..	3,900
(6) Balance of the estimate of Rs. 25,050/- for the Filature Building under completion.	7,000
(7) Improvements to the building to accommodate the Weaving Factory in the said building:-	
Motor House. ...	2,000
Shifting the filature shed.	9,000
Shifting and erecting basins	2,000
Bore-hole pump and water tank etc.	7,500
Drainage and water connection.	1,400
Latrine. ...	500
(8) Cost of boilers and their installation.	19,000
Total.	1,34,422

The total demand on all these accounts is Rs. 1,34,422/-; against this, there is a provision of Rs. 56,100/- in the Capital Budget and Rs. 11,000/- under Silk Filature and the balance required is Rs. 67,322/-.

Including the revival of the lapsed grant the total demand is Rs. 1,52,322/- of which Rs. 10,000/- is due to be paid only during the next year.

Thus for both the Filature and the Weaving and Dyeing Sections the total grant required will be Rs. 1,43,000/- (in

(12

round figures) and adding to this a sum of Rs. 7,000/- being the approximate import duty on machinery, the additional grant applied for is Rs. 1,50,000/-.

As the present estimates were prepared in consultation with the experts engaged to work the concern, and found to include all the items for which provision is abolutely necessary, a demand for an additional grant of Rs.1,50,000/- was placed before the Legislative Council on the 13th December 1931 and was voted by that body.

In view of the fact that all the items of work are almost completed except for the finishing of the dyeing factory and the experts have already arrived and started work in the Weaving Factory, Government are pleased to sanction the additional grant of Rs. 1,50,000/- for the purpose.

The Director of Industries and Commerce is requested to have the funds administered economically and furnish Government with detailed revised statements showing how the amount now sanctioned will be distributed in respect of the several items included under Filature and Weaving Plant respectively.

Satisfactory arrangements should also be made for working the concern so that it may as far as possible be placed on a profit yielding basis from its inception.

For Secretary to Government,
Development Department.

150.

To

The Director of Industries and Commerce in Mysore.
The Comptroller to Government thro' Finl. Sectt.

TRH.8

Appendix F G—1]

To issue on 26/1/31

13

SUBJECT .....

.....

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2 drafts

Compl

Section 3 (i)

File No. 29-31

Serial No. ~~6~~ 11

Diary No. of letter replied to .....

No ~~D 31115~~ D·3703

To

The Dist Sdp

General and Revenue Secretariat

( )

the *193* .

Date of issue ~~26/1/32~~ 26/1/32

Signed by .....

Mr. B.T.K. Iyengar

Dear Sir,

With reference to your letter No. 2 - 1199-29 dt 4.9.1931 requesting sanction to an addl grant for expenditure in connection with the ~~Sericulture~~ Sericulture Scheme Enlarged Silk Filature and the new Silk Factory, I am desired to state that Orders have separately been issued sanctioning a grant of Rs. 1,50,000/- for the purpose.

In this connection, I am to point out that in the first instance, sanction of Govt

List of enclosures .....

Copied by .....

Examined by .....

was sought merely for the purchase of a plant at a cost of Rs. 1,05,000 and above Rs. 5000 for housing the plant + transport charges. Govt. were not given a clear idea of all that the Scheme involved under Capital outlay or working expenses, with the result that the expenditure has come up to over Rs. 2,50,000/-, more than twice the cost of the scheme originally contemplated.

Govt. feel strongly that the Scheme should have been shown and proposed with more truthfulness, and Govt should have had given a clear and correct idea of the coal involved in the scheme and the prospects of the Scheme obtaining coal, and that the failure of the past years Director to do this has misled Govt. in the heavy outlay of Rs. at a time of some financial stringency Committee

Govt. had been warned by him in time that the anticipated outlay was likely to be largely exceeded, it might have been possible to Govt to stop further expenditure in the financial and industrial situation

Yrs.

MK
7/1

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Confidential. GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

D. O. No. D. 3703
Sen 29-31-11

Dated, Bangalore, 8th January 1932.

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Dear Sir,

With reference to your letter No. 32-1199-28 dated 4th September 1931 requesting sanction to an additional grant for expenditure in connection with the shifting of the enlarged Silk Filature and the installation of the new Silk Factory, I am desired to state that orders have separately been issued sanctioning a grant of Rs 1,50,000/- for the purpose.

In this connection, I am to point out that in the first instance, sanction of Government was sought merely for the purchase of a plant at a cost of Rs 1,05,000/- and about Rs 5,000/- for housing the plant. Government were not given a clear idea of all that the scheme involved under Capital outlay or working expenses, with the result that the expenditure now comes up to over Rs 2,50,000, more than twice the cost of the scheme originally put up.

Government feel strongly that the scheme should have been studied and prepared with more thoroughness, and that Government should have been given a clear and correct idea of the total cost involved in the scheme and the prospects thereof and that the failure on the part of the then Director to do this has committed Government to a heavy outlay at a time of severe financial stringency. If Government had been warned by him in time that the anticipated outlay was likely to be largely exceeded, it might have been possible to Government to stop further expenditure till the financial and industrial situation improved.

Yours sincerely,

H. Rama Rao, Esq., B.A., B.L.,
Director of Industries and Commerce in Mysore.

16

Draft.

Seri 29-31-12

Confidential.

D.O.No.D. 3704 26.1.32

Genl-2.

3 copies

Dear Sir,

In forwarding herewith for your information a copy of Government Order No. D.3443-4/Seri. 29-31-6 dated 8th January 1932 sanctioning an additional grant of Rs 1,50,000/- for expenditure in connection with the shifting of the Silk Filature and the ~~installation~~ establishment of the new Silk Factory at Mysore, and a copy of a D.O. letter No. D.3703 dated 26.1.32 addressed to the Director of Industries & Commerce in this connection, I am directed to state that Government cannot help observing that the scheme, as put forward by you, was obviously imperfect, as all the financial implications were not fully brought out. The Concern will cost substantially more than the original estimate and the increased expenditure is bound to have an adverse effect upon its remunerative character. Government ~~are, however~~ have been, committed to the heavy outlay and they have had to sanction it in spite of the embarrassment caused. The Dyeing and Finishing part of the Concern is a much bigger unit than what is justified by the number of looms proposed to be put up and the want of correlation between the two parts of the Con-

cern

TYPING SECTION
25 JAN 1932
GENL. & REV SECTT.

Issued 26.1.32
Sd by N.M Subhana Rao Esq.
Ch. Secy.

Concern is another important defect in the scheme. I am to add that recommendations to Government should be based upon thorough investigation in respect of cost and all other essential points and that cases of the kind now under consideration should not repeat.

Yours sincerely,

MS 23/1

(Dev. Secy.)

Copy to Confidential Branch.

MMH 22/1/32

C. Ranganatha Rao Saheb, Esq., B.A., B.L.,
Trade Commissioner for Mysore,
Grand Buildings, Trafalgar Square,
LONDON, W.C.2.

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CONFIDENTIAL.

GENERAL AND REVENUE SECRETARIAT,

D.O. No. D.3704
Seri.29.31-12

Dated Bangalore, 26th January 193 2

Dear Sir,

In forwarding herewith for your information a copy of Government Order No. D. 3443-4/Seri. 29-31-6 dated 8th January 1932 sanctioning an additional grant of Rs.1,50,000/- for expenditure in connection with the shifting of the Silk Filature and the establishment of the new Silk Factory at Mysore, and a copy of D.O. letter No. D.3703 dated 26.1.32 addressed to the Director of Industries and Commerce in this connection, I am directed to state that Government cannot help observing that the scheme, as put forward by you, was obviously imperfect, as all the financial implications were not fully brought out. The concern will cost substantially more than the original estimate and the increased expenditure is bound to have an adverse effect upon its remunerative character. Government have been committed to the heavy outlay, and they had to sanction it in spite of the embarrassment caused. The Dyeing and Finishing part of the concern is a much bigger unit than what is justified by the number of looms proposed to be put up and the want of correlation between the two parts of the concern is another important defect in the scheme. I am to add that recommendations to Government should be based upon thorough investigation in respect of cost and all other essential points and that cases of the kind now under consideration should not repeat.

Yours sincerely,
Sd- N. Madhava Rao.

C.Ranganatha Rao Sahib, Esq., B.A., B.L.,
Trade Commissioner for Mysore in London,
Grand Buildings, Trafalgar Square,
London, W.C. 2.